

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES

EXHIBIT 3

DATE 1-22-07

HB 2



BRIAN SCHWEITZER
GOVERNOR

JOAN MILES
DIRECTOR

STATE OF MONTANA

www.dphhs.mt.gov

Date: January 16, 2007

To: Health and Human Services Joint Subcommittee – Room 102
Representative Edith Clark-Chair Representative Penny Morgan
Representative Joey Jayne Senator John Cobb
Senator Greg Lind Senator Dan Weinberg

From: Kelly Williams, Administrator
Senior and Long Term Care Division
Department Public Health & Human Services

RE: Montana Veterans Long Term Care Need Study

The 59th Legislature directed the Department of Public Health and Human Services to conduct an analysis of Veterans Long Term Health Care Needs. The Legislature requested that the study include an analysis of the demographics of the Montana veterans' population, including the number and age of veterans in each county and an analysis of the services currently available to meet veterans long term care needs and the need for additional long term care services. The long term care assessment for veterans included an evaluation of the need for nursing home, domiciliary and specialized services such as dementia/Alzheimer care, as well as, various types of community and in-home care options that are available and may be needed. Additionally the existing State veterans' home services and configuration of those services was analyzed.

Please find enclosed a hard copy of this study, which is also available in Adobe Portable Document Format (PDF) online at the division's website at:

<http://www.dphhs.mt.gov/sltc/aboutsltc/reports/VetsStudy.shtml>

Please feel free to contact me at 444-4147 if you have any questions about this study or would like additional hard copies of the study.

C: Lois Steinbeck
Bob Andersen
Joan Miles
John Chappuis

**Recruitment and Retention of Direct Care Staff
At Veterans Homes – UPDATE
January 12, 2007**

The Senior and Long Term Care Division oversee the two state operated veterans' nursing homes in Montana the Eastern Montana Veterans Home (EMVH) in Glendive and the Montana Veteran Home (MVH) in Columbia Falls. We have continued to work diligently to make inroads in the recruitment and retention of direct care staff at these facilities. The 2005 legislature directed the Department to aggressively pursue options to resolve the problem of recruitment and retention of staff for the Montana Veterans' Home, including consideration of such options as moving to pay plan 20, innovative education plans to promote advancement of staff, and partnership with the university system to provide local education opportunities for direct care staff.

The Department provided a report to the Legislative Finance Committee on September 23, 2005 of their efforts at that time.

The purpose of this report is to provide an update of the continuing efforts that the Division has undertaken to address the issues related to recruitment and retention of direct care staff at Montanans Veterans' Homes.

Broadband Pay (Pay Plan 20)

As was detailed in the September report the Senior and Long Term Care Division has moved Registered Nurses and Licensed Practical Nurses at the Montana Veteran's Home (MVH) to the Broadband Pay Plan (PP 20) in an attempt to address RN and LPN staff salaries and promote recruitment and retention.

The Department has continued to collect and assess labor market data for all levels of nursing, which includes Registered Nurses, Licensed Practical Nurses, and Certified Nursing Assistants in Montana, as well as the greater Flathead area. As a result, Montana Veterans Home (MVH) has proposed to make additional wage adjustments, which reflect the nature of the competitive labor market in the area, through a combination of market adjustments and Legislative appropriated increases. The Department believes these adjustments are necessary because of the difficulties MVH is continuing to experience in recruiting and retaining qualified RN's, LPN's, and CNA's. As of January 2007 there are two (2) vacant RN positions, zero (0) LPN positions, and five (5) CNA positions unfilled.

Positions Open as of Dec. 31, 2006

<i>Position#</i>	<i>Class code</i>	<i>FTE</i>	<i>Shift</i>	<i>open since</i>
61602	RN Manager	1.0	swing	April 2006
61698	Staff RN	.4	night -12 hr	Oct 2006
61613	Nurse Aide	.8	night	May 2006
61661	Nurse Aide	.8	swing	
61662	Nurse Aide	.8	swing	Sept 2006
61665	Nurse Aide	.8	night	Dec 2006
61643	Nurse Aide	.8	swing	Dec 2006

Flathead Valley Survey

In August 2006, MVH conducted a wage survey of nursing homes in the Flathead valley. The facility was able to identify wage disparities within two classes of nursing, as well as, on two different shifts. MVH was \$1.23 below the average base pay of all nursing homes in the valley for entry level nursing assistants, \$.42 below in LPNs but are actually \$.06 over in RNs. The survey also identified shift differential (providing additional compensation to employees who work swing and night shifts) as a standard wage enhancement offered by all nursing homes in the Flathead Valley. In addition most nursing homes in the area adjust hourly pay at hire based on years of experience. Historically MVH has not been able to compete in this area as it does not offer credit for experience or provide wage differentials.

Most of the facility staff vacancies occur on the night and swing shift where it is difficult to recruit and retain employees. MVH is proposing a shift differential be included in the negotiated pay plan for direct care staff as an enticement/reward for employees who work non traditional hours in a 24/7 health care institution. Evening and night shifts are generally difficult to fill due to the disruption to family and sleep routines, and shift differentials provide additional compensation to employees as recognition for working these less desirable shifts.

The following tables show a comparison of the average wages being paid in the Flathead valley based on the survey with the Montana Veterans Home for each category of employee and on all shifts.

WAGE COMPARISON SURVEY-CERTIFIED NURSE AIDE-AUGUST 2006

	start wage	start days	start days-we	start eve	start eve-we	start nights	start nights-we
AVERAGE STARTING WAGE WITH 0 YRS EXP	9.98	9.98	10.31	10.33	10.71	10.63	11.08
MVH WITH 0 YRS EXP	8.75	8.75	8.75	8.75	8.75	8.75	8.75
AVERAGE STARTING WAGE WITH 5 YRS EXP	10.72	10.72	11.05	11.07	11.45	11.37	11.82
MVH WITH 5 YRS EXP	8.75	8.75	8.75	8.75	8.75	8.75	8.75
AVERAGE STARTING WAGE WITH 10 YRS EXP	11.32	11.32	11.64	11.57	11.95	11.87	12.32
MVH WITH 10 YRS EXP	8.75	8.75	8.75	8.75	8.75	8.75	8.75

WAGE COMPARISON SURVEY-LICENSED PRACTICAL NURSE-AUGUST 2006

	start wage	start days	start days-we	start eve	start eve-we	start nights	start nights-we
AVERAGE STARTING WAGE WITH 0 YRS EXP	14.02	14.02	14.34	14.37	14.75	15.17	15.62
MVH WITH 0 YRS EXP	13.60	13.60	13.60	13.60	13.60	13.60	13.60
AVERAGE STARTING WAGE WITH 5 YRS EXP	15.10	15.12	15.44	15.47	15.85	16.37	16.82
MVH WITH 5 YRS EXP	13.60	13.60	13.60	13.60	13.60	13.60	13.60
AVERAGE STARTING WAGE WITH 10 YRS EXP	15.88	15.88	16.21	16.24	16.61	17.13	17.58
MVH WITH 10 YRS EXP	13.60	13.60	13.60	13.60	13.60	13.60	13.60

WAGE COMPARISON SURVEY-REGISTERED NURSE-AUGUST 2006

	start wage	Start Days	start days-we	start eve	start eve-we	start nights	start nights-we
AVERAGE STARTING WAGE WITH 0 YRS EXP	18.98	18.98	19.31	19.34	19.71	20.13	20.59
MVH WITH 0 YRS EXP	19.04	19.04	19.04	19.04	19.04	19.04	19.04
AVERAGE STARTING WAGE WITH 5 YRS EXP	20.18	20.18	20.51	20.53	20.91	21.33	21.78
MVH WITH 5 YRS EXP	19.04	19.04	19.04	19.04	19.04	19.04	19.04
AVERAGE STARTING WAGE WITH 10 YRS EXP	21.42	21.42	21.75	21.78	22.15	22.57	23.02
MVH WITH 10 YRS EXP	19.04	19.04	19.04	19.04	19.04	19.04	19.04

Proposed Pay Adjustments (January 2007)

In April of 2006 a new Department of Administration's (DOA) market analysis was released for Pay Plan 20 for direct care staff. Based on the Flathead survey and the DOA market analysis, the following pay adjustments are proposed to be adopted by the Department for MVH:

Licensed Practical Nurses:

- In January 2007, MVH has proposed to adopt the revised wage scale. The proposal would increase LPN wages by **\$.40** and increase entry level LPN wages from **\$13.60** to **\$14.00**.
- The facility proposes to adopt a differential adjustment for shifts as other facilities do. LPN's would be provided differential pay of **\$.50** for evening shift and **\$1.00** for night shift.

Registered Nurses:

- In January 2007, MVH has proposed to adopt the revised wage scale for RN's. . The proposal would increase RN and RN supervisor wages by **\$1.32** and increase entry level RN wages from **\$19.04** to **\$20.36**.
- The facility proposes to adopt a differential adjustment for shifts as other facilities do. RN's and RN supervisors would be provided differential pay of **\$.50** for evening shift and **\$1.00** for night shift.

Certified Nurse Assistant:

At the time of the September 2005 report, the facility did not feel there was a recruitment issue with Certified Nursing Assistants, and did not move these direct care workers to Pay Plan 20 at that time. Based on more recent wage survey data and the current recruitment situation, the movement of CNA's to the Broadband pay plan is now being proposed.

- In January 2007, MVH has proposed, moving CNA's to the broadband (pp20) Band 2 and adopt the revised wage scale. This will result in a pay adjustment for current employees as well as new hires to assist in reducing facility dependence on agency staff and improve staff morale and retain facility employees. The proposal would increase CNA wages by **\$1.25** and increase entry level CNA wages from **\$8.75** to **\$10.00**. CNA supervisors would be moved to Band 3 and receive a **\$1.25** pay adjustment.
- The facility proposes to adopt a differential adjustment for shifts as other facilities do. CNA's and CNA supervisors would be provided differential pay of **\$.50** for evening shift and **\$1.00** for night shift.

WAGE AND COST SUMMARY OF MVH PAY ADJUSTMENT FY07 – FY09

Classification	Current wage	Proposed wage	Difference
CNA	\$8.75	\$10.00	\$1.25
LPN	\$13.60	\$14.00	\$.40
RN	\$19.04	\$20.36	\$1.32

ESTIMATED TOTAL COST OF MVH PAY INCREASE FY07 – FY09

	FY07 (6 MTHS)	FY08	FY09
CAN	\$106,427	\$217,425	\$221,799
LPN	\$9,204	\$18,673	\$19,045
RN	\$30,798	\$62,888	\$64,637
TOTAL	\$146,429	\$298,986	\$305,481

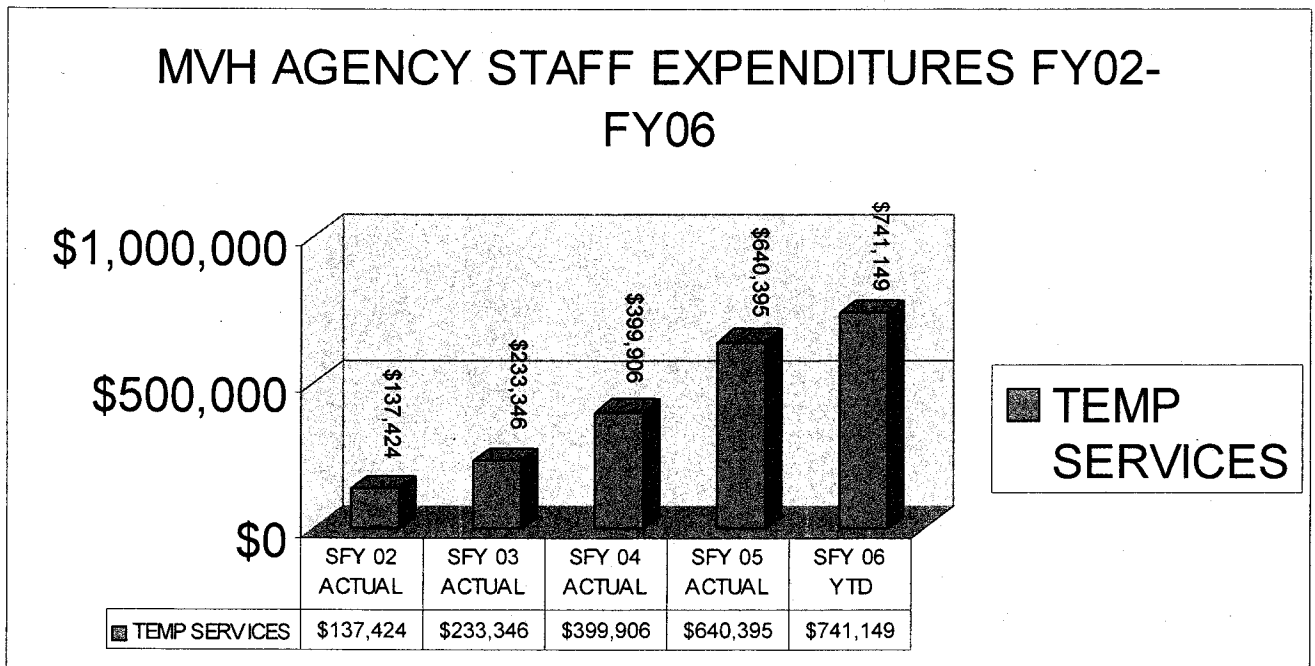
This wage proposal required Department approval; and negotiations with the MNA and MEA/MFT associations are being pursued. At the present time if pay increases are and implemented they are unfunded for the remainder of the fiscal year as well as the next biennium.

Agency Staff Use Analysis

While the number of vacant positions has been reduced in professional staff the Montana Veterans Home is still experiencing difficulty in retaining qualified professional and non-professional nursing personnel. In order to staff vacant positions, facility management utilizes traveling nurses and nurse aides through contracts with temporary agencies. Utilization and costs for temporary services increased by 12% to 17% per year over the past three years. Current projections are estimated at \$810,000 for FY07 up from \$741,000 in FY06. RNs working for temporary service agencies are paid \$23.50 per hour, LPNs \$15.50 per hour and nurse aides \$12.50 per hour. These hourly rates are \$2 – \$3 per hour more than entry-level rates at the facility. The use of temporary workers is helpful to maintain staffing levels and reduce workloads for facility workers; but it also impacts morale and negatively impacts retention because agency workers are paid more than facility employees.

The facility finds it is not possible to use competitive bidding to decrease overall costs in the area of agency usage. Having multiple agencies under contract is necessary to try and meet the shortage of nursing personnel at the facility and to maintain staffing patterns on all three shifts, seven days a week. One or two agencies would not be able to meet the facility need, thus multiple agencies are used at any given time to meet the needs.

MVH has been utilizing the chapel building on the campus to provide for agency staff living quarters for 2,247 shifts during calendar year 2006 which resulted in savings on hotel room rates at \$34.00 per night with total savings of \$76,402 to mitigate some of the cost attributed to using agency staffing.



Federal State Veteran Home Nurse Recruitment and Retention Legislation

On November 30, 2004 President George W. Bush signed the H.R. 3936 into law. Contained in H.R. 3936, Title II, Section 201 is an allowance to provide assistance for hiring and retention of nurses at State Veterans Homes. A State may use funds to promote an employee incentive scholarship program or other employee incentive program at a State home designed to promote the hiring and retention of nursing staff and to reduce nursing shortages at that home. The assistance must take into consideration the need for flexibility and innovation. We are very interested in pursuing these grant funds after the rules and the application process are finalized. As of December 2006, the regulations had been written but were not ready for public comment. The Department has been advised, by the VA officials responsible for the State Home programs and grants for the nurse recruitment and retention grants regulation will be entered into the Federal Register as an interim final rule. Interested individuals will have the opportunity comment, but the regulation will be placed as an interim final rule. State grant applications for this program will be available at such time as the rule is published. The current regulations are, in a concurrence process with the VA and the Office of Management and Budget. The VA has no current timeline for when these funds will be available for release.

Based on more current 2006 Federal fiscal year data Montana's state veterans homes maximum federal grant amounts are as follows:

- | | |
|--|-----------|
| ➤ Montana Veterans Home (Columbia Falls) | \$ 45,700 |
| ➤ Eastern Montana Veterans Home (Glendive) | \$ 22,594 |

Direct Care Wage Increase

The 2005 Montana legislature authorized the Department of Public Health and Human Services to distribute to nursing facilities an additional amount for wage and benefit increases for direct care workers in nursing homes. The legislature mandated that these funds are to be utilized by facilities to provide for increases in wages and benefits for direct care workers, especially those that traditionally earn lower wages or are hard to recruit and retain based upon the wage scales paid. Both facilities continue this direct care wage increase into the 2007 fiscal year.

Legislative Request for Contingency Funds

The Department is requesting approval from the Legislature to adopt a recruitment and retention contingency fund. This request will in the interim assist the facility in maintaining a competitive wage for direct care staff and assist in recruitment and retention of staff. Wages for direct care staff in Columbia Falls must compete with numerous other health care facilities in the Flathead Valley. As facility wages fall behind

other facilities, recruitment and retention of qualified direct care staff becomes difficult to achieve and results in contracting with temporary employment agencies at a much higher cost to the facility in order to maintain mandated staffing levels. This request provides a contingency fund to maintain competitive wages, utilizing a Flathead Valley market survey for licensed staff and a methodology for wage increases to remain competitive with other employers.

DP 22104 – MVH Recruitment and Retention Contingency – This proposal requests that a contingency fund of \$183,000 in state special revenue for FY2009 to be established for Montana Veterans Home in Columbia Falls for the purpose of maintaining a competitive wage for direct care staff and to assist in recruitment and retention of staff. Montana Veteran's Home (MVH) must compete with numerous other health care facilities in the Flathead Valley for a limited pool of direct care staff such as Registered Nurses, Licensed Practical Nurses and Certified Nursing Assistants. As MVH wages fall behind other facilities, it becomes increasingly difficult to recruit and retain qualified direct care staff at MVH. The facility must contract with temporary employment contractors at a much higher cost to be assured that mandated staffing levels are maintained. After conducting a wage survey of the nearby health care facilities in the spring of 2008, Senior and Long Term Care Division (SLTC) will determine if MVH direct care staff wages (RN's, LPN's, and CNA's) have remained competitive. In the event that there is a disparity of \$2.00 per hour or more, a wage increase of \$1.50 per hour would be authorized for licensed staff to remain competitive with other employers. If a wage disparity of \$1.00 per hour or more occurred for CNA's a wage increase of \$.75 cents per hour would be authorized for CNA's to remain competitive with other employers. This contingency fund will provide the facility with resources so they could recruit and retain direct care staff. The cost of this proposal is \$183,000 in FY09 only from the state special revenue derived from the cigarette tax.

Facility Turnover Analysis

MVH has been tracking nursing staff turnover rates for over two fiscal years. Turnover in a human resources context refers to the relative to rate at which an employer gains and loses staff.

There are various methods of calculating turnover rates. The one used in this narrative compares hires to terminations and not terminations to total employees for the classification during the fiscal year. This method generally produces higher turnover rates than if you use a turnover rate comparing total number of employees in a classification with terminations. AARP Policy and Research reports that nursing homes in a 2002 Wisconsin study had a turnover rate of 99 – 127% for direct care workers. They also reported a 2002 North Carolina study with a 95% turnover rate for direct care workers. Neither study breaks out direct care workers by classification.

FY05 MVH Turnover rates: Direct Care Staff
7/1/04 – 6/30/05

	RNS	LPNS	CNAS	Total
GAINED STAFF	12	2	29	43
LOST STAFF	7	1	22	30
TURNOVER RATE	58%	50%	76%	70%

FY06 MVH Turnover rates: Direct Care Staff
7/1/05 – 6/30/06

	RNS	LPNS	CNAS	Total
GAINED STAFF	11	6	54	71
LOST STAFF	12	3	47	62
TURNOVER RATE	109%	50%	87%	87%

FY07 (5 MONTHS) MVH Turnover rates: Direct Care Staff
7/1/06 – 11/30/06

	RNS	LPNS	CNAS	Total
GAINED STAFF	4	4	20	28
LOST STAFF	3	4	19	26
TURNOVER RATE	75%	100%	95%	93%

The following are some contributors to high turnover rates:

- ✓ Wages are lower than many other nursing facilities in the valley based on the survey.
- ✓ Work is physically and emotionally demanding and nurse aides can work in fast food and casinos for better hourly pay. (Kalispell is a competitive labor market)
- ✓ Private nursing facilities provide more bonus and other pay incentives based on the survey.
- ✓ Approximately 50% of the workforce lives outside of Columbia Falls and commutes to work.

MVH has been completing exit interviews and has been capturing reasons for staff leaving the facility. Specific reasons for MVH turnover in fiscal year 07:

CNAs

More money	29%
Facility terminated	19%
Take care of family	14%
Went to school	14%
Didn't finish CNA training	14%
Injured	10%

RNs/LPNs

More money	43%
Moved	29%
Philosophical differences	
with management	14%
Facility terminated	14%

The facility has taken the following actions to address turnover:

- Adopted proposals to improve wages to be more competitive in market area
- Changed schedules to provide more days off and less travel to and from work.
- Adopted employee recognition programs
- Improved processes to more effectively respond to employee concerns
- Improved and expanded training opportunities
- Continues to look at proposals for new incentives: differential, education allowance, allowance for gas, child care allowance and others

Nurse Aide Training Program Analysis:

The facility is one of the Certified Aide training sites for Flathead Community College. Students receive their classroom training at the facility's Chapel and clinical training on the facility's nursing home units. These employees will receive free training and books plus get paid for their training time. During their training time they will be paid at Grade 6 level (\$6.845/hr). Upon completion of the class and receipt of certification documents, they will be paid at Grade 8 level (\$8.75/hr). The college usually schedules two to three trainings per year. The next training will begin February 5, 2007. The facility does not charge the college for use of its facilities.

The facility aide training program is a success in reducing the use of traveling agency aides. Our last class completed training in November of 2006. CNA's were oriented the rest of November. In December they were integrated into the facility staffing pattern. Traveling aide usage in November was 1848 hours. In the month of December traveling

aide usage was 1264 hours. Aide usage for the month of January is projected at 712 hours. A traveling aide costs \$21.80 per hour. If the facility can save 600 hours in one month that is \$13,080 savings in traveler costs.

The facilities first Aide training class was in Sept/Oct of 2005, and MVH has estimated the cost of a single class at \$8750. The facility conducted 1 class in FY06 costing \$8750 and estimates \$35,000 for up to 4 classes in FY07.

Facility aide training programs that hire workers before they are trained as nurse's aides have very high turnover rates. In FY06 the facility was only able to retain six (6) of thirty-two trainees hired in the nurse aide training program for an 82% turnover rate. In four months of FY07 the facility retained 12 of 19 hired for a 37% turnover rate.

Management speculates the high turnover rate among aide trainees is due to certified nurse aide's ability to obtain higher wages at other nursing homes, some trainees are unable to complete the training and the realities a new nurse aides experiences of how difficult the work is once out of the classroom. The trainees generally have no background in long term care.

Other recruitment and retention activities

The Recruitment and Retention committee meets every month with twelve members representing all departments in the institution. The meeting business generally consists of either planning money raising events or committee sponsored events for employees. The committee members volunteer many hours of unpaid time.

The following are projected expenditures for FY07 related to recruitment and retention efforts of the facility

Projected Annual Expenditures

Safety

1. Safety Bingo - \$25 x 13 pay periods	325
2. Quarterly Safety Suggestion - \$50 per quarter	200
3. Zero lost workdays - annual	<u>315</u>
Total	840

Acknowledgements - Awards - Food

1. Gift cards acknowledging a job well done	600
2. Thank you cards for a job well done	300
3. Pop and candy bar for a job well done	900
4. Monthly Activity quiz - \$10	120
5. Employee of the quarter - \$50	200
6. Pizza for night shift - #50	200
7. Sheet cakes for special staff occasions	200
8. Annual HK - LDRY- FS acknowledgement & luncheon	700
9. Annual Nursing Staff acknowledgement & luncheon	1400
10. Annual Summer staff BBQ	350

11. Annual Admin – support acknowledgement	100
12. Longevity pins & years of service certificates	200
13. Gift Basket raffles	200
14. Retirement Cake & plaque	100
15. Annual staff Christmas Party	500
16. Gift certificates for best costume	100
17. Rent chairs & tables for staff functions	<u>700</u>
Total	6,870

Relocation

1. Moving costs for licensed staff	<u>1,500</u>
Total	1,500

CNA Training Classes

1. 4 paid classes per year – books & supplies	<u>35,000</u>
Total	35,000

Registration Fees for Training

1. Medical Records	400
2. Montana Health Care Assoc. – twice per year	2200
3. Computer Classes	400
4. Supervisor Training	1300
5. Wounds Seminar	200
6. Alzheimer's conference	<u>90</u>
Total	4,590

Food & Lodging Associated with Training

1. CNA workshop	460
2. Montana Health Care Assoc.	3000
3. Supervisor Training	2755
4. Wounds seminar	320
5. Alzheimer's conference	300
6. MDS Training	<u>130</u>
Total	6,965

Advertising

1. RN – LPN – CNA	<u>19,500</u>
Total	19,500

Grand Total **\$75,265**

THE FOLLOWING IS A LIST OF EMPLOYEE RECOGNITION, EMPLOYEE TRAINING AND EMPLOYEE INCENTIVES THAT HAVE BEEN OR WILL BE IMPLEMENTED BY THE FACILITY

Employee Recognition

- Have monthly retention committee meetings. The following are incentives: employee of the quarter, money raising activities, special meal for each shift once a quarter, monthly brain teasers/competitions, provide special snacks as rewards for doing something extra, Christmas party.
- Recognize employees on their birthday
- Created annual longevity recognition party.

Employee Training:

- Developed a program to hire, train and certify aides at the facility to decrease dependence on temporary services.
- Provide one full day of facility orientation for all new hires – all depts. participate
- Create a mentoring program for new aides
- Developed an extended orientation program for aides to ensure aides are integrated into the facility's policies, schedules and routines.
- Continue Flathead Community College aide-training classes at the facility.
- Hired high school students who completed the FCC aide training classes to fill in on afternoons and weekends. Perhaps available for vacation relief this summer.
- Increase training budget - provided training for all supervisors
- Regular staff meetings in all departments to disseminate information obtain and resolve employee issues
- Provide an employee handbook to new workers that highlight the basic policies and rules that govern conduct in the institution to prepare new employees for transition to the new workplace.

Employee Incentives:

- Adjust schedules to meet the personal needs of applicant to the extent feasible. Adjusting a work schedule or attempt to accommodate the personal needs of a particular applicant can be the determining factor in employing the individual.
- Readjust classification of staffing if necessary, change a position from RN to LPN or LPN to RN to meet the qualifications of an applicant who wants to apply
- Expand health insurance benefits to part-time workers in areas where workloads have expanded and additional work hours are scheduled rather than using temporary workers or aggregates.
- Enforce policies on attendance to reduce unnecessary call-off to reduce stress on workers who come to work and do not have to work shorthanded.
- A weekly schedule meeting was created to track usage of temporary services, employee call-offs and aide openings to plan aide-training classes at the facility.

- Nearly continuous employment advertising in the valley, in the Missoula area, at the job service and on the state web site. The advertising has been continuous this fiscal year in the Valley and on the state web site but intermittent in the Missoula area. Management has varied days, frequency and types of ads to maximize exposure.
- Evaluate cost effectiveness to buy out temp service contract in order to hire RN/LPN.
- Provide monthly safety incentives for those who work for a temp service but would like to work at MVH.
- EPP proposal to provide flexibility to adjust wages based on regular area surveys. EPP proposal was included in the Governor's budget.
- Create a 10-hour position in food service to meet workload and improve working conditions.
- Conducted nursing wage survey of all facilities in the immediate area. Last survey conducted August 2006. The facility has plans to complete a nursing wage survey in March 2007.

Employee satisfaction survey

The MVH is currently considering a survey of facility staff to gauge staff satisfaction and solicit ideas for recruitment and retention and ways to enhance the employment practices at the facility.

In 2006, Senior and Long Term Care contacted H. Eric Johnson, Research and Analysis Bureau, Department of Labor and Industry (DLI) regarding feasibility of conducting a staff survey at MVH. The discussions included processes and costs associated with surveys, including DLI surveys on the Internet under an annual license they have with Zoomerang, an electronic service that measures outcomes and generates graphs automatically.

Costs for a DLI survey are dependent upon the complexity of the survey, i.e., what method, how many questions, how many open-ended questions, and generally DLI recovers actual costs for a survey. It is estimated to cost \$1 per survey for mail costs (out and return) and \$30 per hour for data entry, and \$30 per hour for creating graphs or tables from the survey data.

The alternative option is for SLTC to conduct its own survey of staff at MVH. No final decision has been made on a survey tool; SLTC expects to make a decision in 2007 whether they have the funds to hire this survey or to complete it internally.

Conclusion/Summary

For the most part the Division believes it is still too early to determine if recruitment and retention efforts adopted by the facility to date will mitigate the facilities continued use of agency staff and address all of the recruitment and retention issues the facility is facing.

We believe the ability to adjust wages to be competitive in the market place with the adoption of the contingency language will be a benefit and will continue to allow the facility the flexibility in the interim to recruit and retain staff should a significant wage disparity occur in the competitive Flathead market area.

With the adoption of shift differentials we are hopeful that we can deal with the vacancies that occur on the less desirable, hard to recruit for shifts, and attract a more stable and long term staff on swing, nights and weekend shifts.

With the adoption of the April 2006 market scales for direct care staff, and the movement of CNA 's to pay plan 20 we hope to be competitive with the other facilities in the area when trying to recruit from a limited labor force.

Recently, in house facility aide training programs that hire workers before they are trained as nurse aides and train them at the facility have shown success at recruitment of these workers. In FY06 the facility was only able to retain six (6) of thirty-two trainees hired in the nurse aide training program for an 82% turnover rate. In four months of FY07 the have retained 12 of 19 hired for a 37% turnover rate. Management feels the program is successful in recruiting nurse aides but not as successful in retention of those nurse aides. While in recent months the in house aide training program has been important in reducing the use of traveling agency personnel, turnover rates are still high as most of the candidates are unfamiliar with the challenges and demands of providing care to residents in a long term care facility.

All recognition programs are well received and appreciated by employees. The facility recognition committee has 12 active members representing all departments of the institution who volunteer their time to improve morale and thank workers.

Facility incentives have made a positive difference in recruiting workers. Flexibility in scheduling and health care benefits has been a determining factor in being able to employ new workers.

While turn over rates are increasing at MVH, when compared to turn over rates for other health care facilities for direct care workers, the turnover rates at MVH are comparative or even lower. The facility will continue to monitor turnover and use exit interviews to better determine incentives that they could put in place to try to make inroads in retention of staff and manage turnover rates.

Ongoing efforts the facility will continue to address issues:

- monitor turnover rates of nursing staff

- perform wage surveys to monitor local market wages
- use contingency to address wages if approved by legislature and determined necessary
- perform employee survey
- pursue federal grant for recruitment and retention when it becomes available

INFORMATION REQUEST – LEGISLATIVE FINANCE COMMITTEE

Agency: DPHHS
Division/Program: Senior and Long Term Care Division
Subject: Retention of Direct Care Staff at Veterans Homes
LFD Contact: Lois Steinbeck
Agency Contact: Kelly Williams
Date: September 23, 2005

The Senior and Long Term Care Division has the oversight responsibility for the two state operated veterans nursing homes in Montana. As such, we have continued to work diligently to make inroads in the recruitment and retention of direct care staff at these facilities. The Eastern Montana Veterans Home (EMVH) in Glendive is a contracted facility and recruitment and retention of direct care staff is the contractor's responsibility under their contract for the operation of the facility. The Montana Veterans Home (MVH) in Columbia Falls is state owned and operated and as such the management of these staff resources are the direct responsibility of the State. The 2005 legislature directed the Department to aggressively pursue options to resolve the problem of recruitment and retention of staff for the Montana Veterans' Home, including consideration of such options as moving to pay plan 20, innovative education plans to promote advancement of staff, and partnership with the university system to provide local education opportunities for direct care staff.

The following summarizes the efforts that the Department has undertaken to date to resolve the issues related to recruitment and retention of direct care staff at the Montana Veterans' Home.

Broadband Pay (Pay Plan 20)

The Senior and Long Term Care Division has pursued the movement of Registered Nurses and Licensed Practical Nurses at the Montana Veteran's Home (MVH) to the Broadband Pay Plan (PP 20) in an attempt to address RN and LPN staff salaries and promote recruitment and retention. These positions have previously been adjusted through a pay exception process in order to be competitive. Broadband Pay Plan permits greater pay flexibility based on job content, competency, market salary data, and situational pay, with less emphasis on position classification. The MVH facility has pursued these changes in pay structure through negotiations with the MNA and MEA/MFT associations and we believe that we have agreement with both of these unions to move to this pay plan effective October 1, 2005. In addition we have proposed changes in the scheduling in order to be more flexible and competitive and have pursued a 12-hour shift option with rotating weekends off to further our recruiting efforts as part of this labor negotiation process.

- Job profiles for Registered Nurses at MVH have been submitted and classified at pay band 6. The following table shows the Department's proposed occupational pay range for the Registered Nurses under Pay Plan 20.

Pay Band	Minimum	Market	Maximum
6	\$32,886	\$41,108	\$49,330
Hourly Rate	\$ 15.81	\$ 19.76	\$ 23.72

This occupational pay range is based on the State Personnel Division's 2004 Registered Nurse Market Analysis.

- Job profiles for Licensed Practical Nurses at MVH have been submitted and classified at pay band 3. The following table shows the Department's proposed occupational pay range for the LPN class in pay band 3 under Pay Plan 20.

Pay Band	Minimum	Market	Maximum
3	\$21,935	\$27,419	\$32,903
Hourly Rate	\$ 10.54	\$ 13.18	\$ 15.82

This occupational pay range is based on the State Personnel Division's 2004 Licensed Practical Nurse Market Analysis.

The Department studied the labor market data for both Registered Nurses and Licensed Practical Nurses in Montana as well as the greater Flathead, Montana area. The MVH proposes to make wage adjustments, which reflect the nature of the competitive labor market in the area, through a combination of market adjustments and Legislative appropriated increases. The Department believes these adjustments are necessary because of the difficulties MVH is experiencing in recruiting and retaining qualified RN's and LPN's. Currently at the MVH, several RN and LPN positions remain unfilled.

- The Department has proposed to increase the base salary for all Registered Nurses in the bargaining unit by \$2.47 per hour effective the first full pay period after the positions transfer into the Broadband Pay Plan. In addition, the staff will receive the legislatively approved pay increases for the biennium. To further address the recruitment difficulties MVH is experiencing for RN positions, the Department has proposed to advertise a starting rate of \$19.04 per hour for MVH Registered Nurses who are new to state government. Because this is significantly higher than the published statewide minimum of \$15.81 per hour, it should have an immediate impact on recruitment of Registered Nurses at MVH. The Flathead Valley average for RN's is currently \$19.16 utilizing direct care wage survey information.
- The Department has proposed to increase the base salary for all Licensed Practical Nurses in the bargaining unit by \$1.60 per hour effective the first full pay period after the positions transfer into the Broadband Pay Plan. In addition, MVH will grant the equivalence of the statutory increases for the biennium. To further address the recruitment difficulties MVH is experiencing for LPN positions, the Department has proposed to advertise a starting rate of \$13.60 per hour for MVH Licensed Practical Nurses who are new to state government. Because this is significantly higher than the published statewide minimum of \$10.54 per hour, it should have an immediate impact on recruitment of Registered Nurses at MVH. The Flathead Valley average for LPN's is currently \$14.44 utilizing direct care wage survey information.
- The Department has not proposed to increase the base salary for Certified Nursing Assistants as this is not currently an area where the facility is experiencing recruitment

and retention difficulties and the salary is competitive with the Flathead valley average for Certified Nursing Assistants.

The total estimated personal services cost of implementing the movement to Broad Band Pay for the RN's and LPN's is approximately \$109,539. The Division is hopeful that these increases in wages will help in retention of current staff and that the increased entry wage will encourage more individuals to come to work for the facility. In the future, the Department may consider implementing other components of the Broadband Pay Plan to further our recruitment and retention efforts as resources permit. We continue to monitor the use of high cost agency based nursing staff and hope that we will see a decline in this area if more staff can be hired and retained. The Legislative Finance Committee can assist by supporting funding in future bienniums to assist the facility in sustaining the increased budget for personnel services under the Broadband Pay Plan 20.

Federal State Veteran Home Nurse Recruitment and Retention Legislation

On November 30, 2004 President George W. Bush signed the H.R. 3936 into law. Contained in H.R. 3936, Title II, Section 201 is an allowance to provide assistance for hiring and retention of nurses at State Veterans Homes. A State may use funds to promote an employee incentive scholarship program or other employee incentive program at a State home designed to promote the hiring and retention of nursing staff and to reduce nursing shortages at that home. The assistance must take into consideration the need for flexibility and innovation.

Montana has had representation on the national committee that was formed to put forth ideas on how these grant funds could be used by state veterans homes. We are very interested in pursuing these grant funds after the rules and the application process are finalized.

The maximum federal grant payment will be equal to, two percent (2%) of the State Homes annual per diem payment. The two percent (2%) will be calculated on Federal fiscal year, October – September. A Home must have a twelve (12) month VA Per Diem history to be eligible to apply for grant funds. Payment for the nurse hiring and retention assistance program (NHRAP) may not exceed fifty percent (50%) of the cost for a fiscal year. The State must provide the remaining fifty percent (50%) All funds must be expended in the approved fiscal year. Unexpended funds from this section must returned.

Based on the 2004 Federal fiscal year data Montana's state veterans homes maximum federal grant amounts are as follows:

➤ Montana Veterans Home (Columbia Falls)	\$38,177.56
➤ Eastern Montana Veterans Home (Glendive)	\$21,120.90

Both homes will be required to provide an equal amount of hard match to be eligible to draw down grant funds under this section. If the State pursues this grant funding we will be required to find the matching funds within existing budgets in order to participate during the current biennium as no separate appropriation was made for this new federal initiative. The Legislative Finance Committee can assist by supporting funding currently and in the future to fund the state share of the match for this grant opportunity directed at nurse recruitment and retention.

The following items are representative examples of what these funds may be utilized for:

- Nursing Scholarships for accredited school
- Nurse Loan Forgiveness Program
- Nurse Faculty enhancement Program
- Sign on Bonuses
- Referral Bonus
- Nurse Refresher Program
- Geographic Differentials
- Incentives for Nurses for Child Care Expenses
- Weekend and AM Differential Incentives
- Travel Assistance
- Relocations Assistance
- Vacation Buyout

Direct Care Wage Increase

The 2005 Montana legislature authorized the Department of Public Health and Human Services to distribute to nursing facilities an additional amount for wage and benefit increases for direct care workers in nursing homes. The legislature mandated that these funds are to be utilized by facilities to provide for increases in wages and benefits for direct care workers, especially those that traditionally earn lower wages or are hard to recruit and retain based upon the wage scales paid. The legislature intends that direct care salaries be raised 75 cents an hour and that benefits be raised 25 cents an hour. If the appropriation is insufficient to cover the full amount of intended increases, the lowest paid direct care worker wage rates must be increased first. Should the benefits not cost the facility 25 cents per hour, the wages should be increased accordingly to meet the intent of a \$1.00 per hour wage increase for direct care workers in nursing facilities.

Under this initiative, DPHHS will pay Medicaid certified nursing facilities located in Montana including both State Veterans Homes an additional amount as an add-on to their computed Medicaid payment rate, to be used only for wage and benefit increases for direct care workers in nursing homes. The department has determined a \$5.39 per day add-on payment, commencing July 1, 2005, as a pro rata share of appropriated funds allocated for increases in direct care wages and benefits. This amount will be in addition to the computed formula rate that is established for each facility on July 1 of the rate year using the price based reimbursement methodology. The two state veterans homes will receive these funds in the form of Medicaid reimbursement based on Medicaid utilization at each facility.

- At the Eastern Montana Veterans Home, under contract with Glendive Medical Center, the average CNA wages were increased from \$9.42 to \$10.24 before benefits, and the average entry level wage for CNA's increased from \$8.16 to \$8.91 as a result of this direct care wage initiative. Glendive Medical Center provided additional funding from its operating budget for personnel services in order to supplement the appropriated dollars in order to provide the 82-cent increase before benefits to CNA's. Glendive Medical Center increased wages by 69-cents for LPN's and \$1.48 for RN's from its operating budget for personnel services.
- At the Montana Veterans Home, the staff are state employees and the CNA's, LPN's, and RN's are scheduled to receive a state wage increase for employees effective 10/1/05. This

wage increase is already funded in the base, and represents an increase of 3.5% or \$1,005 whichever is greater. These increases are already included in the appropriated dollars for personal services at this facility and are not in addition to the funding appropriated.

Other recruitment and retention activities:

➤ **CNA Training** - The Montana Veterans' Home has hired 8 potential CNA's that will be trained on our campus for three weeks starting September 26, 2005. These employees will receive free training and books plus get paid for their training time. During their training time they will be paid at Grade 6 level (\$6.845/hr). Upon completion of the class and receipt of certification documents, they will be paid at Grade 8 level (\$8.75/hr) if they are hired by the facility.

The facility training cost will be:

Salaries	\$6,571
Benefits	\$2,058
Total	\$8,629

The advantage for the facility to incur these costs is the exposure to the facility that the trainees receive during the training session, and the opportunity to hopefully retain a pool of trained staff after the session is completed to work in the facility. In addition the perception of the facility has greatly improved in the eyes of the local community for helping people to attain education and employment opportunities as well as addressing the needs of the facility

➤ **MVH Retention Committee meetings** - The facility has worked to develop a specific committee geared at addressing the retention needs at the facility. The MVH retention committee has the following goals: improve employee morale, recognize staff efforts and performance, and have fun and establish camaraderie. This includes promoting employee of the month, holiday potlucks, Christmas Gift Certificates, monthly meals for shifts, contests, etc. Periodic functions to help fund meals, gifts, etc. There are nine volunteer employees that meet monthly. Supervisors are active by nominating employee of the quarter and organizing recognition parties.

➤ **MVH Employee Survey** - The facility pursued an employee survey aimed at assessing the level of employee satisfaction and identifying areas where improvements could be made to promote employee satisfaction.

The Division's goal would be to reduce overtime and call off of staff as well as reduce the need to utilize agency based staffing to meet the ongoing staffing needs at these facilities, but the realities of the direct care situation are that there is a shortage of nursing staff in the Flathead area. Even with increases in wages to be more competitive and efforts to motivate staff we may find ourselves in the position of not being able to find enough qualified licensed staff to fill all of the vacancies that exist in the area. The Division will continue to work with the State Veterans Homes to find other innovative ideas and resources to promote recruitment and retention of direct care staff.